App F IX :

Previous References (1941 / M) M File No 110 — 41
Serial Nos 6, 7

Later References
M 137-s2-1-5

GENERAL AND REVENUE SECRETARIAT

Serial Nos two

Part B for September, 1941

SUBJECT

Rules for regulating the raising of loans by the Municipal Councils in the - State -

To The Comptroller
" ~~D-C~~ s of Deste
" Municipal Commissioner, Bangalore City (through the President)
" President, Mysore City Municipal Comm
L 2-742-5-3 D/27-9-41
Approves the

Bangalore 21/12/41

Rules for raising loans by Mcls in the State

General and Revenue Secretariat | File No 2502/B of 194 | [App F III-2

Serial No

1) Statutory provision for raising of loans by the city, Town and Minor Municipal Councils in the State are laid down in Sections 57, 58 and 59 respectively of the City, Town and Minor Municipalities Acts of 1933

2) ~~At present~~ But there are no rules, (at present) (except the rule 384 of the Mcl Accounts Manual Part II) for the regulation of (grant of) loans to Mcls by Govt

3) As it is desirable to have a set of ~~the~~ rules, as in the case of Village Panchayats, for scrutiny of ~~cases~~ proposals from Mcls to raise loans, the Comptroller of Govt will, if approved, be requested to forward draft rules in this behalf for incorporation in the Mcl Accounts Manual on ~~approval~~ the same being approved by Govt finally.

4) Submd for orders, as per instructions given in person

EC 15/11/60

5) ~~Put~~ for orders

~~for~~ 6) It is desirable to frame a set of rules governing the grant of loans to municipalities. If approved, the Comptroller will be requested to suggest a set of Draft Rules in the matter

Law Secy)

NOTE—Contd Sheet

Hm 19/11/60

Hm 19/11/60

BB 18/11/60

BB 21/11/60

25/12 Rules for raising of loans by the Municipalities in the State 5/44

File No 57 of 1940 | General and Revenue Secretariat

Serial No

Dft letter submd for approval --

SC → 20 11 40

Jrne

Done

To the Comptr Bglore --

L 4152 of 26 11 40 --

Calls for a set of Dft rules

20/11/40

Letter no 766 d 23-4-41 from the Compt-llr forwarding a set of draft-rules for the raising of loans by the Municipal Councils in the State

The draft-rules suggested by the Compt llr may be sent to the Jnl Secy for favour of ~~Ex~~ remarks

Hag 'A'

Law Secy) HMJ 22/5

Hm Secy) MC

Hm 26/5/41

HMJ

3/6/41 The rules seem to be alright But a para may be adied about the receipt of subscriptions, payment of interest, etc , through the Bank

To Comptroller, with compliments

No 829/Spl W 31/41 HMJ 2/6

4020 of 31st July 1941

Returned with Compliments -

The para re the receipt of subscriptions and payment of interest etc through Banks has been added as required

3/6/41

M Viraraja Urs
Comptroller

Rules as revised by us appd

Agreement the Comptroller 3/8/41 16/574

Hm 8/8/41

HMJ 7/8/41

Spl U O 771

Loans

Spl U O 771

U O 72 MAD

TYPING BRANCH RECEIVED 21 NOV 1940 GNR PTT

Hag A (Engl)

ENGLISH BRANCH RECEIVED 6604 HMJ

COMPTROLLER'S OFFICE BANGALORE 3 JUN 1941 SPL U/A

FINANCIAL SECRETARY GOVT OF MYSORE

Rules for Raising of loans by the Municipal Councils in the State

General and Revenue Secretariat | ML File No 6 of 1941 | [App F III-2

Serial No

Submitted with a draft G o for appl

1 Sept 1941

Law-Secy) 1/9/20-8

for perusal

Minister) 2 S 9

Hm 2/9/41

30 8 41

Hm 2/9/41

3-9

To

The Comptroller to Govt
The Dy Comrs of Dists
The Mr Comr Bangalore City
The Presidency M C M

M L 2742 s 3 d 27-9-41

Issues certain rules for raising of loans by the Municipal Councils in the State

OFFICE OF THE SECRETARY FOR L S G & P H
Date 27 8 41
No 1158

TYPING BRANCH
- 3 SEP 1941

File No	of 193	General and Revenue Secretariat
		Serial No

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated Bangalore 26th November, 1940

No L 4152/ml 57-40 45

FROM

The Secretary to the Government of His Highness the Maharaja of Mysore
Law Department

To

The Comptroller to the Government of Mysore,
Bangalore

S i r,

Subject:- Rules for the raising of loans by - the Municipal Councils in the State

I am directed to observe that there are no rules at present (excepting Rule 884 of the Municipal Accounts Manual Part II) for the regulation of grant of loans to Municipal Councils by Government and to request you to suggest a set of draft rules in the matter as it is desirable to have them after approval by Government, incorporated in the Municipal Accounts Manual to enable proper scrutiny of proposals coming up from the Municipal Councils in this behalf and also for the guidance of the Municipal Councils in the State

I have the honour to be,

S i r,

Your most obedient servant,

Secretary to Government
Law Department

NDA 2

Appendix F G—1]

SUBJECT

Section Rl

File No 57 40

Serial No 45

Diary No of letter replied to

No L 4152

To

The Comptr & Govt

Sir,

Rules for the raising of loans by the Rlcls in the State

I am directed to observe that there are no rules at present (excepting Rule 38 to of the Rl Accm Manual Part II) to govt the regulation of grant of loans to Rlcls by Govt & to and to request you to suggest a set of off rules in the matter, as it is desired to have them after approval

General and Revenue Secretariat

( )

the *19*

Date of issue 26th Nov 1940

Signed by for T R

List of enclosures

Copied by

Examined by

WD 03695—GPB—30 000—39 1 40

~~by~~ by Govt, incorporated in
the Hd Accounts Manual
~~to~~ enable proper scrutiny of
proposals coming up from the Hd Cls ~~for~~
loans in this behalf also for the
guidance of the and concerned in the matter

I have etc

~~Sd~~

for Secy Law dept
Engr Sc.

5144
L

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYOSRE

No 766/Loans
Gnd sh

Bangalore dated 21/23 April 1940

Ml 110-41-6

From

M VIRARAJA URS Esqr B A B L
Comptroller to the Government of
Hi Highness the Maharaja of Mysore
BANGALORE

SECY LAW DEPT * 24 APR 1941 * GOVT OF MYSORE

To

H V Narayana Rao,Esq,B A ,LL B ,
Secretary to Government of Mysore,
Law Department,
Bangalore

Sir,

Subject - Rules for the raising of loans by the Municipal Councils in the State

With reference to your letter No L 4152/Ml 57-40-45 dated 26-11-40 on the above subject, I have the honour to suggest a set of draft rules as appended heretofore regulating the grant of loans to Municipal Councils by Government for incorporation in the Municipal - Accounts Manual after they are approved by Government

I have the honour to be
Sir,
Your most obedient servant,

Deputy Comptroller
(for Comptroller Accounts)
22/4/41

G R S App F VI—G 2]

SUBJECT ab

Diary No of letter replied to

General and Revenue Secretariat

( )

th *194*

Date of issue 27th Sept. 194/

Signed by Mr G Ramachar

May this be—

(i) printed?

(ii) treated as a standing order?

(iii) published in the Gazette English Part?

(iv) translated?

(v) placed at the disposal of the press?

(vi) published in the Gazette Kannada Part?

Section Mrl

File No 110-41

Serial No 7

Proceedings of the Government of His Highness the Maharaja of Mysore

Read— Letter no 766/Loans dated 23-6-41 from the Comptroller to Govt forwarding for appl a set of draft-Rules relating to the ~~Grant of loans to~~ regulating ~~Municipal Councils by the State~~ of loans by the Municipal Councils in the State

2) R O no 20 dated 31-7-41

Order thereon—No

from the Same officer making further Suggestions on the Same Subject-

order no L 2742-53

Under Sections 57, 54 and 51 of the Mysore, City Town and Minor Municipalities Acts respectively of 1933, the Municipal Councils

are empowered to raise loans for certain purposes. There ~~are~~, however, at present no rules for regulating the procedure on the subject in respect of these loans. The Comptr-llr has accordingly forwarded a set of rules for regulating the raising of loans by Ml CBs

Govt are pleased to approve these rules as appended to this order & the Comptr-llr to Govt is requested to take necessary action to incorporate the rules in the Municipal Accounts Manual Vol II

List of Enclosures

For Secy to Govt
Law Dept

To
The Comptr-llr to Govt
The Secs of Mcbs
Ml Comr Bangalore city/rural et
The presidents - City Ml Cl Mysore

Copied by

Examined by

WD 087—GPB—40 000—14 11 40

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

Copy given to Govt Printer

Read —

Letter No 766/Loans dated 23rd April 1941 from the Comptroller to Government forwarding for approval a set of draft rules regulating the raising of loans by the Municipal Councils in the State

2 Un-official Note No 20 dated 31st July 1941 from the same officer making further suggestions on the same subject.

Order No L 2742-53/MAC110-41-7
Dated, Bangalore the 27th September 1941.

Under Sections 57,54 and 51 of the Mysore City, Town and Minor Municipalities Acts of 1933, respectively, the Municipal Councils are empowered to raise loans for certain purposes. There are, however, at present no rules on the subject The Comptroller has accordingly forwarded a set of rules for regulating the raising of loans by Municipal Councils

Government are pleased to approve the rules as appended to this order

The Comptroller to Government is requested to take necessary action to incorporate the rules in the Municipal Accounts Manual Vol II

Ramachandra
for Secretary to Government,
Law Department.

To—The Comptroller to Government,
" Deputy Commissioners of Districts,
" Municipal Commissioner, Bangalore City Municipal Council,
" President, City Municipal Council, Mysore.

BSN/8

Rules for regulating or the raising of loans by Municipal Councils or the grant of loans to Municipal Councils by Government

---

Government may sanction a loan to any Municipal Council or they may permit any Municipal Council to float a loan by the issue of debentures to the Public, on receipt of an application therefor duly supported by a resolution passed at a special General Meeting of the Council. Government will also fix the maximum amount of loans to be raised, having regard to the requirements of the Municipal Councils for carrying out objects of Public utility such as drainage, water supply works etc, or for any other purpose which, in the opinion of Government, subserves the interest of the rate-payers, provided that the Municipal Council has agreed to assign a definite source of its revenue for the repayment of the loan

The loan may be sanctioned, subject to such conditions as may be prescribed by Government as to security, the rate of ordinary and penal interest and the repayment of Principal and interest

The procedure to be followed when Municipal Councils are permitted to raise loans by issue of debentures is laid down in para 8 infra

2 On receipt of orders of Government sanctioning the grant of a loan to a Municipality, the payment thereof either in full or in instalments according to the terms of the loan sanctioned will be authorised by the Comptroller in each case on presentation of a payee's receipt in form No. 4 of Mysore Civil Account Code Volume 1 duly filled in and signed by the President of the Municipal Council or

or the Municipal Commissioner and certified \
Deputy Commissioner of the District in which t
cipality is situated to the effect that the agr
required to be executed under note to Rule 375 M.
has been executed by the Municipal Council and lod
in the State Huzur Treasury for safe custody

3 The agreement to be executed by the Municipal Councils when they take loans from Government shall be in the form given in Appendix 'K' Mysore Accounts Manua.

4 The transactions in regard to loans contracted by a Municipality shall be recorded in a register in form No 103 of the Municipal Accounts Manual Vol II. When a loan is repayable by means of a sinking fund, a separate account should be maintained in form 107 of the Municipal Accounts Manual The payments to sinking funds should, with the sanction of the Government, be invested through the Comptroller as soon as they fall due. The amount to be invested should be placed at his disposal in the Treasury and should include besides the amount of the instalment due, any uninvested balances of previous instalments and of interest realised and remitted by the Comptroller The Comptroller will furnish the Municipality with an account of the investment after it has been made, and will also remit to it any balance which may be left after the investment has been made. This amount should be credited to the Municipality in the account of the Treasury with which it has a banking account. Care should be taken to see that any balance at the credit of the sinking fund is not utilised on any account for the general purposes of the Municipality

5. In order to watch that the loan granted by the Government is appropriated to the purpose for which it is

is granted, an appropriation register shall be maintained in form No. 108 of the Municipal Accounts Manual

6. Procedure of repayment of the loan

Provision should be made in the annual Budgets of the Municipalities for repayment of the instalments of the loan, interest on the outstanding balance and also the amount to be provided and invested towards sinking fund for the discharge of the loan

7 The instalments are ordinarily to be repaid by means of crossed cheques on the Treasury for adjustment on the due dates The loans section of the Comptroller's Office will watch that the repayments are made on the due dates and remind the Municipal Commissioner or President, if necessary.

Before the first of June of every year intimation of the amount of principal and interest due by the Municipality which has been granted a loan by Government will,,as far as possible, be given to the Presidents of the Municipalities to enable them to make arrangements for payment of the amount by means of crossed cheques issued in favour of the Treasury Officer for credit to loan accounts before the 30th June of the year, but non-receipt of such a reminder shall not be pleased as an -- excuse for failure to pay the instalments on the due dates

8. The following procedure should be observed when Municipalities are permitted by Government to raise loans by issue of Debentures to the Public .

(1) On receipt of a Government order permitting the raising of a loan by issue of Debentures, a prospectus setting forth the amount of loan sanctioned the rate of interest

interest it carries, the mode of subscribing to the loan, the mode of payment of interest the mode of re-payment of the principal and other conditions on which the loan has been sanctioned will, with the previous approval of Government, be notified for the information of the public and the intending subscribers to the loan

(2) Receipt of the first instalment of subscription to the loan in the Treasury with which the Municipality deals

The subscriber will present at the Treasury along with the money, a challan in duplicate and an application in the prescribed form for acceptance One challan will be returned to the party with the Treasury certificate and the application for the loan sent direct to the President of the Municipal Council or the Municipal Commissioner with the Treasury certificate for the receipt of the first instalment duly noted thereon The other challan will be retained for use in the Treasury The President of the Municipal Commissioner will, on receipt of the application, issue an adinterim order to the subscriber noting the receipt of the first instalment and filling up the other particulars required in the printed form

(3) Receipt of subsequent instalments in the Treasury with which the Municipality deals -

(a) The subscriber will present at the Treasury along with the subsequent instalments challans in duplicate and the adinterim order issued by the President or the Municipal Commissioner The ad-interim order will be returned to the Subscriber after noting therein the amount of each subsequent instalment and the date of receipt under the initials of the Treasury Officer One of the challans will be sent to the President or the Municipal Commissioner on the date of receipt of the money, the other being retained in the Treasury. The full name of the subscriber and the

and the number of the subscription which should be specified in the challan by the subscriber.

b) In the pass book, entries should be made by the Treasury according to the dates of receipt in the Treasury and a separate total struck of the subscriptions received towards the loan and included in the total of the Municipal Fund transaction. The total subscription thus intimated by the Treasury should be agreed with the applications and challans received from the Treasury every month and should be credited to the Debt Head "F(1) Debenture Loans" in the General Cash Book.

(4) Receipt of Subscriptions at Treasuries other than the one with which the Municipality banks:

The subscriber will present the money with an application for the issue of a R.T.R. in favour of the President or the Municipal Commissioner on the Treasury with which the Municipality banks The R.T R issued and received from the Treasury will then be sent by the subscriber to the President or the Municipal Commissioner along with the application for the loan in the prescribed form. The subsequent instalments will be likewise dealth with in the Treasury and the R T R issued will be forwarded by the to the President or the Municipal Commissioner with the ad-interim order which will be returned to the subscriber after the payment of the instalments is noted Subscriber thereon The R T.R's will be cashed by the President or the Municipal Commissioner at the Treasury by transfer credit to the Municipal Fund and the amounts will as usual be credited to the Debt Head "F(1) Debenture Loans" in the General Cash book.

(5) Receipt of subscription at a Bank where the Municipality has an account

In cases where Municipalities have accounts with recognised Banks, an arrangement may be entered into with

with the Banks to receive subscriptions to the loan and make payment of interest periodically to the Debenture holders. In such cases the Banks will send weekly statement of credits to the Municipal Debenture loan when the loan is being subscribed together with the application for the loan with the bank's certificate for the receipt of subscriptions to the loan duly noted therein. The payment of interest to be made by the Bank has to be recorded on the back of the debentures and the holders have therefore to present the debentures to the Bank for payment of interest with the interest vouchers duly filled in After payments of interest, the Bank will advise the President of the payments so made supported by necessary vouchers debiting the Municipality's account with the amounts paid by it The procedure to be followed by the -- Municipality in maintaining accounts of the subscriptions realised and interest paid through the Banks will be similar to that adopted in the case of Treasuries with which the Municipality banks.

(6) Accounts of subscriptions realised

The balance under the debt Head "Debenture Loan" should be carried from year to year and proved at the close of each year with the register of application or ad-interim orders or debentures issued as the case may be.

(7) Payment of interest To enable the subscribers to draw the interest on their partly paid up amounts on the ~~date~~ due date every half year ad-interim orders are issued in their favour by the President of the Municipal Council or the Municipal Commissioner countersigned, if necessary, by the Comptroller which will be exchanged for regular debentures on payment of the full amount due Interest on these ad-interim orders will be paid by means of interest warrants which will be issued by the President of the Municipal Council or the Municipal Commissioner in favour of the holders before the due dates. Advices of the issue of such warrants will also be sent to the Treasury simultaneously The advices received in the Treasury will be posted in a register kept for the purpose and payment will be made on presentation by the parties of the warrants duly receipted by them along with the ad-interim order. The particulars in the interest warrants presented for payment should be verified with those in the advices sent by the President or the Municipal Commissioner. The payment of interest should be noted under the dated Initials of the Treasury Officer on the reverse of the ad-interim orders in the respective cases for each half year and returned to the parties. The paid warrants will be sent to the Comptroller with the list of payments. A Consolidated schedule will be prepared and the total of the schedule charged as a single item in the list of payments. The amount paid by Treasuries as interest on the debentures is charged to the Municipality and noted in the Treasury pass book of the Municipality in cases wherein the Municipality and the paying Treasury are both in the same District. Where they are in the different districts, the amount is debited to the head "Payments by Government on behalf of Local Bodies" at the Treasury and the recovery watched in the account office through the Register of special Recoveries The Municipality will be asked to issue a crossed cheque in favour of the Treasury Officer

The interest warrants are current only for three months and if presented thereafter, payment will be refused by the Treasury and the party asked to get the warrant renewed by the President or the Municipal Commissioner Payment of time-expired warrants will be made only on receipt of advices from the President or the Municipal Commissioner of their renewal

(8) Issue of Debenture Bonds On payment of all the — instalment to the loan by the subscriber and after the full interest due on the instalments is paid to them, the ad-interim orders will be surrendered to the President or the Municipal Commissioner who will then issue the Debentures The ad-interim orders should be carefully preserved, arranged in — their serial order and bound into books of convenient size. The fact of the debenture having been issued should be noted in the Register of adinterim orders and prominently across the adinterim orders themselves Interest on these debentures — will be paid as in the case of the Mysore State Loan Bonds

(9) Enfacement for payment of interest Interest on the ad-interim orders and Debentures of all the loans raised by Municipalities can be made payable by the President or the Municipal Commissioner at any of the Treasuries in the State The Bonds should be forwarded with the application to the President or the Municipal Commissioner who will enface them for payment at such Treasuries as may be desired by their holders and send a advice thereof to the Treasury in which payment has to be made and in which the ad-interim orders and debentures were originally enfaced for payment of interest.

(10) Renewal and subdivision of adinterim orders and Debentures For renewal and subdivision of debentures and adinterim orders, application should be made to the Comptroller through the President or the Municipal Commissioner and the forms of endorsements are those prescribed for Government Securities.

(11) Transfer of Ownership Debentures are negotiable by endorsement and delivery as in the case of Government securities For transfer of ownership in the case of adinterim - orders, the transferer and the transferee should execute an

execute an agreement, the former agreeing to transfer his rights for the shares taken up by him in the loan and the latter to accept the right in his favour and to pay the several instalments due on the shares

(12) Discount how to be accounted for The discount, if any, allowed under the terms of the prospectus should be adjusted in the accounts of the Municipality by credit to the Debit Head"F (1) Debenture Loans" per contra Debit to the service head "H Miscellaneous (5) Discount allowed on the Debenture Loan", so that after closing the Loan operations and issue of debentures the Total value of debentures issued as per issue Register may agree with the book Balance

(13) Registers to be maintained at the Treasuries. The following registers should be maintained in the Treasuries separately for each Loan

1) Register of Debentures and adinterim orders enfaced for payment of interest

2) Register of advice of interest warrants

3) Register of payment of interest

4) Register of advice of debentures sent for renewal, subdivision or consolidation.

5) Register of powers of attorney for drawing interest on the debentures

(14) Registers to be maintained in the Office of the Municipal President or the Municipal Commissioner For recording the transactions relating to the loan, the following registers and accounts in addition to those prescribed under the rules for ordinary Loans are advised to be maintained in the President's or the Municipal Commissioner's Office:-

a) Registers of applications having columns for note of first and subsequent instalments paid by subscribers and the number and date of the chellans on which the money was paid The applications should be numbered and kept securely bound for future reference The chellans received for payments of instalments should be filed after note in the above register and kept as above.

b) Register of adinterim orders issued with cases for noting payments of interest.

c) Registers of debentures issued

d) Trifoil interest warrant books printed on special paper with proper ground plan and border.

e) Combined Register of interest warrants issued and paid

(15) Information relating to the provision made in the -- budgets of the Municipalities for payment of interest on the Debenture Loan and also the amount provided and invested towards Sinking Fund for the discharge of the Loan has to be sent to Comptroller in the following form every year before the 15th July (vide form ~~in the margin~~ appended).*

When the form is repayable by means of a Sinking Fund, the procedure laid down in Rule 375 M A M for the investment of the sinking fund should be strictly followed.

(16) In addition to an appropriation Register in form No 108 M A M to be maintained under rule 376 M A M. in order to watch that the funds raised by a loan are appropriated to the purpose for which they are raised, the transactions relating thereto should be recorded in a separate cashbook so that the information as to the balance available after each transaction may be readily had In the monthly cash account to be sent to the Audit Office, information should invariably be furnished with reference to this cash book as to how much of the closing balance is made up of the Loan Funds.

Statement showing the amount of Loan collected etc., Name of Loan. .

Amount of loan Collected.	Bonds issued No Value	Bonds still to be issued No-Value.	Interest payments			Sinking Fund.			Total	Nature of investment of contribution.	Remarks.
			Paid to end of last year.	Paid this year	interest still due.	Amount of annual contribution	Contributed so far	Contributed this year			

For Secretary to Government,
Law Department.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

GENFRAL AND PEVENUE DEPARTMENTS

G O No L 2742 53—Ml 110 41 7 dated 27th September 1941

Rules for regulating the raising of loans by the Mun cipal Councils in the State

Issues a set of ——

READ—

Letter No 766—Loans d ted 23rd Apr l 1941 from the Comptroller to Governme t forwarding for approval a set of draft rules egulating th e rais ng of loans by the Mun cipal Councils in the State

2 Un official Note No 20 dated 3 st July 1941 from the same officer making further sugges tions on the same subject

ORDER No L 2742 53—ML 110 41 7 DATED BANGALORE THE 27TH SEPTEMBER 1941

Under Sections 57 54 and 51 of the Mysore City Town and Minor Munici palities Acts of 1933 respectively the Municipal Councils are empowered to raise loans for certain purposes There are however at present no rules on the subject The Comptroller has accordingly forwarded a set of rules for regulating the raising of loans by Municipal Councils

Government are pleased to approve the rules as appended to this order

The Comptroller to Government is requested to take necessary action to incorporate the rules in the Municipal Accounts Manual Volume II

Ramachandra
for *Secretary to Government*
Law Department

To—The Comptroller to Government
The Deputy Commissioners of Districts
The Municipal Commissioner Bangalore City Municipality
The President City Municipal Council Mysore

Exd—C K

No L 2742 53—ML 110 41 7 DATED 27TH SEPTEMBER 1941

ANNEXURE

Rules for regulating the raising of loans by the Municipal Councils or the grant of loans to Municipal Councils by Government

Government may sanction a loan to any Municipal Council or they may permit any Municipal Council to float a loan by the issue of debentures to the public on receipt of an application therefor duly supported by a resolution passed at a Special General Meeting of the Council Government will also fix the maximum amount of loans to be raised having regard to the requirements of the Municipal Councils for carrying out objects of public utility such as drainage water supply works etc or for any other purpose which in the opinion of Government subserves the interest of the rate payers provided that the Municipal Council has agreed to assign a definite source of its revenue for the repayment of the loan

The loan may be sanctioned subject to such conditions as may be prescribed by Government as to security the rate of ordinary and penal interest and the repayment of principal and interest

The procedure to be followed when Municipal Councils are permitted to raise loans by issue of debentures is laid down in para 8 *infra*

2 On receipt of orders of Government sanctioning the grant of a loan to a Municipality the payment thereof either in full or in instalments according to the terms of the loan sanctioned will be authorised by the Comptroller in each case on presentation of a payee s receipt in Form No 4 of the Mysore Civil Account Code Volume I duly filled in and signed by the President of the Municipal Council or the Municipal Commissioner and certified by the Deputy Commissioner of the District in which the Municipality is situated to the effect that the agreement required to be executed under note to Rule 375 Municipal Accounts Manual has been executed by the Municipal Council and lodged in the State Huzur Treasury for safe custody

3 The agreement to be executed by the Municipal Councils when they take loans from Government shall be in the form given in Appendix K Municipal Accounts Manual

4 The transactions in regard to loans contracted by a Municipality shall be recorded in a register in Form No 106 of the Municipal Accounts Manual Vol II When a loan is repayable by means of a sinking fund a separate account should be maintained in Form 107 of the Municipal Accounts Manual The payments to sinking funds should with the sanction of the Government be invested through the Comptroller as soon as they fall due The amount to be invested should be placed at his disposal in the treasury and should include besides the amount of the instalment due any uninvested balances of previous instalments and of interest realised and remitted by the Comptroller The Comptroller will furnish the Municipality with an account of the investment after it has been made and will also remit to it any balance which may be left after the investment has been made This amount should be credited to the Municipality in the account of the treasury with which it has a banking account Care should be taken to see that any balance at the credit of the sinking fund is not utilised on any account fo the general purpos s of the Municipality

5 In order to watch that the loan granted by the Government is appropriated to the purpose for which it is granted an appropriation register shall be maintained in Form No 108 of the Municipal Accounts Manual

6 *Procedure of Repayment of the Loan* —Provision should be made in the annual budget of the Municipalities for repayment of the instalments of the loan interest on the outstanding balance and also the amount to be provided and invested towards the sinking fund for the discharge of the loan

7 The instalments are ordinarily to be repaid by means of crossed cheques on the treasury for adjustment on the due dates The loans section of the Comptroller s Office will watch that the repayments are made on the due dates and remind the Municipal Commissioner or President if necessary

No L 2742 53—ML 110 41 7 DATED 27TH SEPTEMBER 1941

Before the 1st of June of every year intimation of the amount of principal and interest due by the Municipality which has been granted a loan by Government will as far as possible be given to the Presidents of the Municipalities to enable them to make arrangements for payment of the amount by means of crossed cheques issued in favour of the treasury Officer for credit to loan accounts before the 30th June of the year but non receipt of such a reminder shall not be pleaded as an excuse for failure to pay the instalments on the due dates

8 The following procedure should be observed when Municipalities are permitted by Government to raise loans by issue of debentures to the public —

(1) On receipt of a Government Order permitting the raising of a loan by issue of debentures a prospectus setting forth the amount of loan sanctioned the rate of interest it carries the mode of subscribing to the loan the mode of payment of interest the mode of repayment of the principal and other conditions on which the loan has been sanctioned will with the previous approval of Government be notified for the information of the public and the intending subscribers to the loan

(2) *Receipt of the First Instalment of Subscription to the Loan in the Treasury with which the Municipality Banks* — The subscriber will present at the treasury along with the money a chellan in duplicate and an application in the prescribed form for acceptance One chellan will be returned to the party with the treasury certificate and the application for the loan sent direct to the President of the Municipal Council or the Municipal Commissioner with the treasury certificate for the receipt of the first instalment duly noted thereon The other chellan will be retained for use in the treasury The President or the Municipal Commissioner will on receipt of the application issue an *ad interim* order to the subscriber noting the receipt of the first instalment and filling up the other particulars required in the printed form

(3) *Receipt of Subsequent Instalments in the Treasury with which the Municipality Banks* —(*a*) The subscriber will present at the treasury along with the subsequent instalments chellans in duplicate and the *ad interim* order issued by the President or the Municipal Commissioner The *ad interim* order will be returned to the subscriber after noting therein the amount of each subsequent instalment and the date of receipt under the initials of the treasury Officer One of the chellans will be sent to the President or the Municipal Commissioner on the date of receipt of the money the other being retained in the treasury The full name of the subscriber and the number of the *ad interim* order should be specified in the chellan by the subscriber

(*b*) In the pass book entries should be made by the treasury according to the dates of receipt in the treasury and a separate total struck of the subscriptions received towards the loan and included in the total of the Municipal Fund transaction The total subscription thus intimated by the treasury should be agreed with the applications and chellans received from the treasury every month and should be credited to the Debt Head F (1) Debenture Loans in the General Cash Book

(4) *Receipt of Subscriptions at Treasuries other than the one with which the Municipality Banks* —The subscriber will present the money with an application for the issue of a Remittance Transfer Receipt in favour of the President or the Municipal Commissioner on the treasury with which the Municipality banks The Remittance Transfer Receipt issued and received from the treasury will then be sent by the subscriber to the President or the Municipal Commissioner along with the application for the loan in the prescribed form The subsequent instalments will be likewise dealt with in the treasury and the Remittance Transfer Receipt issued will be forwarded by the subscriber to the President or the Municipal Commissioner with the *ad interim* order which will be returned to the subscriber after the payment of the instalments is noted thereon The Remittance Transfer Receipts will be cashed by the President or the Municipal Commissioner at the treasury by transfer credit to the Municipal Fund and the amounts will as usual be credited to the Debt Head F (1) Debenture Loans in the General Cash Book

(5) *Receipt of Subscription at a Bank where the Municipality has an Account* —In cases where Municipalities have accounts with recognised Banks an arrangement may be entered into with the Banks to receive subscriptions to the loan and make payment of interest periodically to the debenture holders In such

cases the Banks will send weekly statement of credits to the Municipal Debenture Loan when the loan is being subscribed together with the application for the loan with the Bank s certificate for the receipt of subscriptions to the loan duly noted therein The payment of interest to be made by the Bank has to be recorded on the back of the debentures and the holders have therefore to present the debentures to the Bank for payment of interest with the interest vouchers duly filled in After payments of interest the Bank will advise the President of the payments so made supported by necessary vouchers debiting the Municipality s account with the amounts paid by it The procedure to be followed by the Municipality in maintaining accounts of the subscriptions realised and interest paid through the Banks will be similar to that adopted in the case of treasuries with which the Municipality banks

(6) *Accounts of Subscriptions realised* —The balance under the Debt Head Debenture Loan should be carried from year to year and proved at the close of each year with the register of application or *ad interim* orders or debentures issued as the case may be

(7) *Payment of Interest* – To enable the subscribers to draw the interest on their partly paid up amounts on the due date every half year *ad interim* orders are issued in their favour by the President of the Municipal Council or the Municipal Commissioner countersigned if necessary by the Comptroller which will be exchanged for regular debentures on payment of the full amount due Interest on these *ad interim* orders will be paid by means of interest warrants which will be issued by the President of the Municipal Council or the Municipal Commissioner in favour of the holders before the due date Advices of the issue of such warrants will also be sent to the treasury simultaneously The advice received in the treasury will be posted in a register kept for the purpose and payment will be made on presentation by the parties of the warrant duly receipted by them along with the *ad interim* order The particulars in the interest warrants presented for payment should be verified with those in the advice sent by the President or the Municipal Commissioner The payment of interest should be noted under the dated initials of the Treasury Officer on the reverse of the *ad interim* orders in the respective cases for each half year and returned to the parties The paid warrants will be sent to the Comptroller with the list of payments A consolidated schedule will be prepared and the total of the schedule charged as a single item in the list of payments The amount paid by treasuries as interest on the debentures is charged to the Municipality and noted in the treasury pass book of the Municipality in cases wherein the Municipality and the paying treasury are both in the same district Where they are in different districts the amount is debited to the head Payments by Government on behalf of Local Bodies at the treasury and the recovery watched in the Accounts Office through the Register of Special Recoveries The Municipality will be asked to issue a crossed cheque in favour of the Treasury Officer

The interest warrants are current only for three months and if presented thereafter payment will be refused by the treasury and the party asked to get the warrant renewed by the President or the Municipal Commissioner Payment of time expired warrants will be made only on receipt of advices from the President or the Municipal Commissioner of their renewal

(8) *Issue of Debenture Bonds* – On payment of all the instalments to the loan by the subscribers and after the full interest due on the instalments is paid to them the *ad interim* orders will be surrendered to the President or the Municipal Commissioner who will then issue the debentures The *ad interim* orders should be carefully preserved arranged in their serial order and bound into books of convenient size The fact of the debenture having been issued should be noted in the register of *ad interim* orders and prominently across the *ad interim* orders themselves Interest on these debentures will be paid as in the case of the Mysore State Loan Bonds

(9) *Enfacement for Payment of Interest* Interes on the *ad interim* orders and debentures of all the loans raised by Municipalities can be made payable by the President or the Municipal Commissioner at any of the treasuries in the State The bonds should be forwarded with the application to the President or the Municipal Commissioner who will enface them for payment at such treasuries as may

be desired by their holders and send an advice thereof to the treasury in which payment has to be made and in which the *ad interim* orders and debentures were originally enfaced for payment of interest

(10) *Renewal and Sub Division of* ad interim *Orders and Debentures* —For renewal and sub division of debentures and *ad interim* orders application should be made to the Comptroller through the President or the Municipal Commissioner and the forms of endorsements are those prescribed for Government Securities

(11) *Transfer of Ownership* —Debentures are negotiable by endorsement and delivery as in the case of Government securities For transfer of ownership in the case of *ad interim* orders the transferer and the transferee should execute an agreement the former agreeing to transfer his rights for the shares taken up by him in the loan and the latter to accept the right in his favour and to pay the several instalments due on the shares

(12) *Discount how to be Accounted for* —The discount if any allowed under the terms of the prospectus should be adjusted in the accounts of the Municipality by credit to the Debit Head F (1) Debenture Loans *per contra* debit to the Service Head H Miscellaneous (5) Discount Allowed on the Debenture Loan so that after closing the loan operations and issue of debentures the total value of debentures issued as per issue register may agree with the book balance

(13) *Registers to be Maintained at the Treasuries* —The following registers should be maintained in the treasuries separately for each loan –

(1) Register of debentures and *ad interim* orders enfaced for payment of interests
(2) Register of advice of interest warrants
(3) Register of payment of interest
(4) Register of advice of debentures sent for renewal sub division or consolidation
(5) Register of powers of attorney for drawing interest on the debentures

(14) *Registers to be Maintained in the Office of the Municipal President or the Municipal Commissioner* —For recording the transactions relating to the loan the following registers and accounts in addition to those prescribed under the rules for ordinary loans are advised to be maintained in the President's or the Municipal Commissioner's Office —

(*a*) Registers of applications having columns for note of first and subsequent instalments paid by subscribers and the number and date of the chellans on which the money was paid The applications should be numbered and kept securely bound for future reference The chellans received for payments of instalments should be filed after note in the above register and kept as above
(*b*) Register of *ad interim* orders issued with cases for noting payments of interest
(*c*) Registers of debentures issued
(*d*) Trifoil interest warrant books printed on special paper with proper ground plan and border
(*e*) Combined register of interest warrants issued and paid

(15) Information relating to the provision made in the budgets of the Municipalities for payment of interest on the Debenture Loan and also the amount provided and invested towards Sinking Fund for the discharge of the loan has to be sent to the Comptroller in the following form every year before the 15th July (*vide* form appended)

When the form is repayable by means of a Sinking Fund the procedure laid down in Rule 375 Municipal Accounts Manual for the investment of the Sinking Fund should be strictly followed

(16) In addition to an appropriation register in Form No 108 Municipal Accounts Manual to be maintained under Rule 376 Municipal Accounts Manual in order to watch that the funds raised by a loan are appropriated to the purpose for which they are raised the transactions relating thereto should be recorded in a separate cash book so that the information as to the balance available after each transaction may be readily had In the monthly cash account to be sent to the Audit Office information should invariably be furnished with reference to this cash book as to how much of the closing balance is made up of the Loan Funds

Statement showing the amount of Loan collected etc —Name of Loan

Amount of loan collected	Bonds issued Number value	Bonds still to be issued Number value	Interest payments			Sinking Fund			Total	Nature of investment of contribution	Remarks
			Paid to end of last year	Paid this year	Interest still due	Amount of annual contribution	Contributed so far	Contributed this year			

WD 2887—GPB—405—18 10 41

(1)

The raising of loans by Municipal Councils or

~~Draft~~ Rules for regulating the grant of loans to Municipal Councils by Government.

1. Government may sanction a loan to any Municipal Council or they may permit any Municipal Council to float a loan by the issue of debentures to the Public, on receipt of an application therefor duly supported by a resolution passed at a special General Meeting of the Council. Government will also fix the maximum ~~limit of funds~~ amount of loans to be raised ~~by the loan~~ having regard to the requirements of the Municipal Councils for carrying out objects of Public utility such as drainage, water supply works etc, or for any other purpose which, in the opinion of Government, subserves the interst of the rate-payers, provided that the Municipal Council ~~applying for the Loan~~ has agreed to assign a definite source of its revenue for the repayment ~~thereof~~ of the loan

The Loan may be sanctioned, subject to such conditions as may be prescribed by Government as to security the rate of ordinary and penal interest and the repayment of Principal and interest,

The procedure to be followed when Municipal Councils are permitted to raise loans by issue of debentures is laid down in para 8 infra.

2. On receipt of orders of Government sanctioning the grant of a loan to a Municipality, the payment thereof either in full or in instalments according to the terms of the loan sanctioned will be authorised by the Comptroller in each case on presentation of a payee's receipt in form No 4 of M.C.A.C Volume 1 duly filled in and signed by the President of the Municipal Council or the Municipal Commissioner and certified by the Deputy Commissioner of the District in which the Municipality is situated to the effect that the

the

the agreement required to be executed under note to Rule 375 M.A.M. has been executed by the Municipal Council and lodged in the State Huzur Treasury for safe custody.

3 The agreement to be executed by the Municipal Councils when they take loans from Government shall be in the form given in Appendix 'K' M.A.M.

4 The transactions in regard to loans contracted by a Municipality shall be recorded in a register in form No 106 of the Municipal Accounts Manual. When a loan is repayable by means of a sinking fund, a separate account should be maintained in form 107 of the Municipal Accounts Manual The payments to sinking funds should, with the sanction of the Government, be invested through the Comptroller as soon as they fall due. The amount to be invested should be placed at his disposal in the Treasury and should include besides the amount of the instalment due, any uninvested balances of previous instalments and of interest realised and remitted by the Comptroller. The Comptroller will furnish the Municipality with an account of the investment after it has been made, and will also remit to it any balance which may be left after the investment has been made. This amount should be credited to the Municipality in the account of the Treasury with which it has a banking account, care should be taken that any balance at the credit of the sinking fund is not utilised on any account for the general purposes of the Municipality.

5 In order to watch that the loan granted by Government is appropriated to the purpose for which it is granted an appropriation register shall be maintained in form No 106 of the Municipal Accounts Manual.

6 ~~6~~ Procedure of repayment of the Loan

Provision should be made in the annual Budgets of the Municipalities for repayment of the instalments of the loan, interest on the outstanding balance and also the amount to be provided and invested towards sinking fund for the discharge of the loan.

7 ~~7~~ The instalments are ordinarily to be repaid by means of crossed cheques on the Treasury for adjustment on the due dates. The loans section of the Comptroller's Office ~~shall~~ watch that the repayments are made on the due dates and remind the Municipal Commissioner or President, if necessary.

Before the first of June of every year intimation of the amount of principal and interest due by the Municipality which has been granted a ~~loan~~ loan by Government will, as far as possible, be given to the Presidents of the Municipalities to enable them to make arrangements for payment of the amount by means of crossed cheques issed in favour of the Treasury Officer for credit to loan accounts before the 30th June of the year, but non-receipt of such a reminder shall not be pleaded as an excuse for failure to pay the instalments on the due dates

8 ~~8~~ The following procedure should be observed when Municipalities are permitted by Government to raise loans by issue of Debentures to the Public.

(1) On receipt of a Government order permitting the raising of a loan by issue of Debentures, a prospectus setting forth the amount of loan sanctioned the rate of interest it carries, the mode of subscribing to the loan, the mode of payment of interest, the mode of r payment of the principal and other conditions on which the loan has been sanctioned will, with the previous approval of Government, be notified for the information

of the Public and the intending subscribers to the loan

(2) Receipt of the first instalment of subscription to the loan in the Treasury with which the Municipality banks -

The subscriber will present at the Treasury along with the money, a chellan in duplicate and an application in the prescribed form for acceptance. One chellan will be returned to the party with the Treasury certificate and the application for the loan sent direct to the President of the Municipal Council or the Municipal Commissioner with the Treasury certificate for the receipt of the first instalment duly noted thereon. The other chellan will be retained for use in the Treasury. The President or the Municipal Commissioner will, on receipt of the application issue an adinterim order to the subscriber noting the receipt of the first instalment and filling up the other particulars required in the printed form.

(3) Receipt of subsequent instalments in the Treasury with which the Municipality banks -

a) The subscriber will present at the Treasury along with the subsequent instalments chellans in duplicate and the adinterim order issued by the Municipal President or the Municipal Commissioner. The ad-interim order will be returned to the subscriber after noting therein the amount of each subsequent instalment and the date of receipt under the intials of the Treasury Officer. One of the chellans will be sent to the President or the Municip l Commissioner on the day of receipt of the money, the other being retained in the Treasury. The full name of the subscriber and the number of the adinterim order should be specified in the chellan by the subscriber.

b) In the pass book entries should be made by the Treasury according to the dates of receipt in the Treasury

and a seperate total struck of the subscriptions received towards the loan and included in the total of the Municipal Fund transaction The total subscription thus intimated by the Treasury should be agreed with the applications and chellans received from the Treasury every month and should be credited to the Debt Head "F(1) Debenture Loans" in the General Cash Book

(4) Receipt of subscriptions at Treasuries other than the one with which the Municipalityes Banks:-

The subscriber will present the money with an application for the issue of a R.T.R in favour of the ~~Muni-cipal~~President or the Municipal Commissioner on the Treasury with which the Municipality Banks. The R.T.R issued and received from the Treasury will then be sent by the subscri-ber to the President or the Municipal Commissioner along with the application for the loan in the prescribed form. The subsequent instalments will be likewise dealt with in the Treasury and the R.T.R issued will be forwarded by the sub-scriber to the President or the Municipal Commissioner with the ad-interim order which will be returned to the subscriber after the payment of the instalments is noted thereon. The R.T R's will be cashed by the President or the Municipal Commissioner at the Treasury by transfer credit to the Municipal Fund and the amounts will as usual be credited to the Debt Head 'F(1) Debenture Loans' in the General Cash book.

5) Accounts of subscriptions realised

The balance under the Debt Head "Debenture Loan" should be carried from year to year and proved at the close of each year with the register of application or ad-interim orders or debentures issued as the case may be.

Payment

~~Para~~(5) Receipt of subscription at a Bank where the Municipality has an account

---

In cases where Municipalities have accounts with recognised Banks, an arrangement may be entered into with the Banks to receive subscriptions to the loan and make payment of interest peridically to the Debenture holders In such cases the Banks will send weekly statement of credits to the Municipal Debenture Loan when the loan is being subscribed ~~by~~ together with the application for the loan with the Bank's certificate for the receipt of subscriptions to the loan duly noted therein The payment of interest to be made by the Bank has to be recorded on the back of the debentures and the holders have therefore to present the debentures to the Bank for payment of interest with the interest vouchers duly filled in After payments of interest the Bank will advise the President of the payments so made supported by necessary vouchers debiting the Municipality's account with the amounts paid by it The procedure to be followed by the Municipality in maintaining accounts of the subscriptions realised and interest paid through the Banks will be similar to that adopted in the case of Treasuries with which the Municipality banks

(6) Accounts of subscriptions realised

The balance under the debt Head "Debenture Loan" should be carried from year to year and proved at the close of each year with the register of application or ad-interim orders or debentures issued as the case may be

M Viswanatha Iyer
Comptroller

20/7/41

KR/29-7

(7)

Payment of Interest.

To enable the subscribers to draw the interest on their partly paid up amounts on the due date every half year ad-interim orders are issued in their favour by the President of the Municipal Council or the Municipal Commissioner countersigned, if necessary, by the Comptroller which will be exchanged for regular debentures on payment of the full amount due. Interest on these ad-interim orders will be paid by means of interest warrants which will be issued by the President of the Municipal Council or the Municipal Commissioner in favour of the holders before the due dates. Advices of the issue of such warrants will also be sent to the Treasury simultaneously. The advices received in the Treasury will be posted in a register kept for the purpose and payment will be made on presentation by the parties of the warrants duly receipted by them along with the ad-interim order. The particulars in the interest warrants presented for payment should be verified with those in the advices sent by the President or the Municipal Commissioner. The Payment of interest should be noted under the dated initials of the Treasury Officer's on the reverse of the adinterim orders in the respective cages for each halfyear and returned to the parties. The paid warrants will be sent to the Comptroller with the list of payments. A Consolidated schedule will be prepared and the total of the schedule charged as a single item in the list of payments. The amount paid by Treasuries as interests on the debentures is charged to the Municipality and noted in the Treasury pass book of the Municipality in cases where the Municipality and the paying Treasury are both in the same District. Where they are in the different districts the amount is debited to the head " Payments by Government on behalf of Local Bodies" at the Treasury and the recovery watched in

the

the account office through the Register of special Recoveries. The Municipality will be acted to issue a crossed cheque in favour of the Treasury Officer.

The demand for the total interest paid at Treasuries will be sent by the Controller to the President or the Municipal Commissioner for payment every months. The interest will be paid by means of crossed cheques in favour of the Treasury Officer immediately on receipt of the claim from the Comptroller supported by vouchers and charged to the service head "H. Miscellaneous 1 interest on Debenture Loan".

The interest warrants are current only for three months and if presented thereafter, payment will be refused by the Treasury and the party asked to get the warrant renewed by the President or the Municipal Commissioner. Payment of time-expired warrants will be made only on receipt of advices from the President or the Municipal Commissioner of their renewal.

(8)K) Issue of Debenture Bonds.

On payment of all the instalment to the loan by the subscriber and after the full interest due on the instalments is paid to them, the adinterim orders will be surrendered to the President or the Municipal Commissioner who will then issue the Debentures. The adinterim orders should be carefully preserved, arranged in their serial order and bound into books of convenient size. The fact of the debenture having been issued should be noted in the Register of adinterim orders and prominently across the adinterim orders themselves. Interest on these debentures will be paid as in the case of the Mysore State Loan Bonds

(9) Endorsement for payment of interest.

Interest on the ad-interim orders and Debentures of all the loans raised by Municipalities can be made payable by the President or the Municipal Commissioner at any of the Treasuries in the state. The bonds should be forwarded with the application to the President or the Municipal Commissioner who will enface them for payment at such Treasuries as may be desired by their holders and send a advices there of to the Treasury in which payment has to be made and in which the adinterim orders and debentures were originally enfaced for payment of interest

(10) Renewal and subdivision of adinterim orders and debentures.

For renewal and subdivision of debentures and adinterim orders, application should be made to the Comptroller through the President or the Municipal Commissioner and the forms of endorsements are those prescribed for Government securities.

(11) Transfer of Ownership.

Debentures are negotiable by endorsement and delivery as in the case of Government securities. For transfer of ownership in the case of adinterim orders, both transferor and the transferee should execute an agreement, the former agreeing to transfer his rights for the shares taken up by him in the loan and the latter to accept the right in his favour and to pay the several instalments due on the shares.

(12) Discount how to be accounted for.

The discount if any allowed under the terms of the prospectus should be adjusted in the accounts of the Municipality by credit to the Debit head" F (1) Debenture Loans" per contra Debit to the service head "H Miscellaneous (5) Discount allowed on the Debenture Loan", so that after closin

the loan operations and issue of debentures the Total value of debentures issued as per issue Register may agree with the book balance.

(13) (A) Registers to be maintained at the Treasuries.

The following registers should be maintained in the treasuries separately for each loan.

1) Register of Debentures and adinterim orders enfaced for payment of interest.

2) Register of advice of interest warrants.

3) Register of payment of interest.

4) Register of advice of debentures sent for renewals sub-division or consolidation.

5) Register of powers of attorney for drawing interest on the debentures.

(14) (A) Registers to be maintained in the Office of the Municipal President or the Municipal Commissioner.

For recording the transactions relating to the loan, the following registers and accounts in addition to those prescribed under the rules for ordinary Loans are advised to be maintained in the President's or the Municipal Commissioner's Offices:-

a) Registers of applications having columns for note of first and subsequent instalments paid by subscribers and the number and date of the challand on which the money was paid. The applications should be numbered and kept securely bound for future reference. The challans received for payments of instalments should be filed after note in the above register and kept as above.

b) Register of adinterim orders issued with cards for noting payments of interest.

c) Registers of debentures issued.

d) Trifoil interest warrant books printed

on special paper with proper ground plan and border.

e) Combined Register of interest warrants issued and paid.

(15) N) Information relating to the provision made in the budgets of the Municipalities for payment of interest on the Debenture Loan and also the amount provided and invested towards Sinking Fund for the discharge of the Loan has to be sent to Controller in the following form every year before the 15th July (vide form in the appendix).

When the Loan is repayable by means of a Sinking Fund, the procedure laid down in Rule 37 of A.C. for the investment of the sinking fund should be strictly followed.

16) N) In addition to an appropriation Register in form No 103 M.C.L. to be maintained under rule 373 M.C.L. in order to watch that the funds raised by a loan are appropriated to the purpose for which they are raised, the transactions relating thereto should be recorded in a separate cashbook so that the information as to the balance available after each transaction may be readily had. In the monthly cash account to be sent to the Audit Office, information should invariably be furnished with reference to this cash book as to how much of the closing balance is made up of the Loan funds.

Narayan Rao
for Controller.

Statement showing the amount of loan collected each year on loan cases as at

Amount of loan Collected	Bonds issued to Value	Bonds still to be issued to Value.	Interest payments			Sinking Fund				Nature of investment of contribution.	Remarks.
			Paid to end of last year	Paid this Year	Interest still due	Amount of annual contribution	Contributed so far	Contributed this year	Total		

Para 5 Receipt of subscription at a Bank where the Municipality has an account

---

In cases where Municipalities have accounts with recognised Banks an arrangement may be entered into with the Banks to receive subscriptions to the loan and make payment of interest peridically to the Debenture holders In such cases the Banks will send weekly statement of credits to the Municipal Debenture Loan when the loan is being subscribed by together with the application for the loan with the Bank's certificate for the receipt of subscriptions to the loan duly noted therein The payment of interest to be made by the Bank has to be recorded on the back of the debentures and the holders have therefore to present the debentures to the Bank for payment of interest with the interest vouchers duly filled in After payments of interest the Bank will advise the President of the payments so made supported by necessary vouchers debiting the Municipality's account with the amounts paid by it The procedure to be followed by the Municipality in maintaining accounts of the subscriptions realised and interest paid through the Banks will be similar to that adopted in the case of Treasuries with which the Municipality banks

6 Accounts of subscriptions realised

The balance under the debt Head "Debenture Loan" should be carried from year to year and proved at the close of each year with the register of application or ad-interim orders or debentures issued as the case may be

M Vinayaga Ilas

Comptroller

KR/20 7

3/20/7/41